



**OLDHAM ECONOMIC
DEVELOPMENT ASSOCIATION
LIMITED**

ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2002

REGISTERED NO. 1527986



OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2002

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OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED

DIRECTORS AND ADVISERS

BOARD DIRECTORS

B J MATHER
Chairman

D HIBBERT

C HILYER

D R JONES

A KILBURN
Finance

R KNOWLES

J A McARDLE

BOARD MEMBERS

C SHYNE

J DILLON

J GREENWOOD

R HINDLE

J JOHNSON

M KELLY

SECRETARY & REGISTERED OFFICE

A B HARWOOD
PO BOX 33
CIVIC CENTRE
WEST STREET
OLDHAM
OL1 1UL

REGISTERED AUDITORS

PRICEWATERHOUSECOOPERS
101 BARBIROLI SQUARE
LOWER MOSLEY STREET
MANCHESTER
M2 3PW

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CHAIRMAN'S STATEMENT

The Company has remained inactive in the past year because of the restrictions which apply to companies wholly owned by a local authority.

The delays to the proposed office developments ~~being undertaken by OMBC~~ are disappointing, as these would have released capital receipts. However, it is likely that developments will be attracted to the Southlink Business Park as they may be able to take advantage of the grant assistance available through the Economic Development Zone.

It is now perhaps appropriate to give consideration as to whether the Company should voluntarily wind up given the restrictions on companies wholly owned by a local authority and the limited amount of developable land now owned by the Company. The implications of this are to be fully considered. However until a decision is made the Directors continue to consider it appropriate to prepare the accounts on a going concern basis.

AMENDMENTS TO THE ACCOUNTS

The above deletion of 'being undertaken by OMBC' was made at the OEDA Board Meeting held on 20th January 2003 and was then ratified later the same day at the Annual General Meeting.

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DIRECTORS' REPORT FOR THE 12 MONTHS ENDED 31 MARCH 2002

The Directors present their seventeenth annual report and the audited financial statements for the year ended 31 March 2002.

PRINCIPAL OBJECTIVES

The principal objective of the Company is to act as an investment and property holding company.

CAPITAL FUNDING

The initial funding of the Company came from the Oldham Metropolitan Borough Council ('OMBC'). The Council made an investment in the Company on 28 November 1980 of £790,000 and a further investment of £425,000 on 21 October 1988.

Over the course of the following 10 years the Company undertook a development programme which required, in addition to the Council's investment, external borrowings of some £16,000,000. Scheduled repayments of the borrowings were made with final repayment taking place in March 2000, when the last of the Company's developed assets were sold.

In the event of its winding up or dissolution, the Company will be required to repay any balances remaining to the Council. It is for this reason the funding from the Council is shown in the Company's financial statements as capital.

RESULTS FOR THE YEAR

Although the Company has been inactive, the year has seen the adjustment/settlement of some 'one-off' issues resulting in a net loss for the year of £183,653, as summarised in the Project and loss Account on page 10. This comprises £116,000 write down in the Southlink Business Park land value as a result of the reduction in the remaining developable land after construction of the roadworks leading to the last developed plot (Pilgrim International Ltd); £41,071 in respect of the settlement of the outstanding claim for management of the Southlink Business Park developed assets whilst in the Company's ownership; £9,085 in respect of outstanding contractor claim on the completed development at Prince of Wales Business Park, which were subsequently sold to the Council at current market value in 1999; and £17,497 in respect of the net administrative and operational costs incurred on accountancy/audit fees and staffs costs recharged from the Council.

FUTURE DEVELOPMENTS

Previous proposals to develop part of the development land for a further office block of about 20,000 sq ft, with the assistance of ERDF grant have been delayed as a result of the difficulties of completing the project within the timescales contained in the grant conditions. It is now being proposed that the development will be undertaken through ERDF grand aid available under the Economic Development Zone.

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A proposal to develop part of the Company's land for Health Authority Office HQ in conjunction with land adjoining, owned by the Council, is now unlikely to proceed as the inquiry has been satisfied elsewhere.

The remainder of the Company's developable land will benefit when the adjoining railway land becomes available, following the introduction of Metrolink and the opportunity to gain direct access on to Oldham Way. The timescale for Metrolink and the release of the railway land is, however, at least 5 years away.

DIRECTORS

The directors of the Company during the year to 31 March 2002, are listed on page 3. In accordance with the Articles of Association, the directors are drawn from the members and officers of Oldham Metropolitan Borough Council.

During the period between 1st April 2002 and the date of this report, the following resignation and appointment were made:

J A McArdle	Resigned 17th May 2002
K Pendlebury	Appointed 17th May 2002

SECRETARY

Angela Harwood was appointed secretary at the board meeting on 30th July 2001.

EMPLOYEES AND ADMINISTRATION

The Board's policy with regard to the running of the Company is to work closely with the Council.

The Company has no employees, therefore, all necessary professional and administrative services are obtained from appropriate Council staff. A proportion of the relevant employment costs are reimbursed by the Company to the Council.

This also applies to those Council Officers who are directors of the Company. The amount shown in the financial statements for directors remuneration consequently includes additional sums in respect of management. These are paid not to the directors themselves but to the Council.

More specialised financial and taxation advice is provided by PricewaterhouseCoopers.

TAXATION

The Company is not a close Company within the provisions of the Income and Corporation Taxes Act 1988, and this position has not changed since the end of the financial year.

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STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.


The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the 12 months ended 31 March 2002 and that applicable accounting standards have been followed and that it is appropriate to prepare the accounts on the going concern basis.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, a resolution to appoint the new firm, PricewaterhouseCoopers LLP, as auditors to the company will be proposed at the annual general meeting.

By order of the Board

A handwritten signature in dark ink, appearing to read 'A B Harwood', written over a horizontal line.

A B HARWOOD (Secretary)

OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE BOARD DIRECTORS AND MEMBERS OF OLDHAM ECONOMIC DEVELOPMENT ASSOCIATION LIMITED

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

This opinion has been prepared for and only for the company's members in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

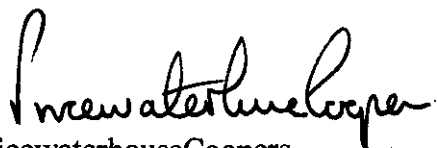
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In

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forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in cursive script, appearing to read 'PricewaterhouseCoopers', is written over the printed name.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Manchester

~~20~~ January 2003

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PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2002

	NOTE	2002 £	2001 £
Turnover: General rental income	3	-	1,971
Operating expenses		(7,338)	(2,165)
Administrative expenses	6		
- Exceptional - Write down in Land Value		(116,000)	-
- Other		(61,770)	(63,506)
Operating loss		<u>(185,108)</u>	<u>(63,700)</u>
Investment income	7	1,455	2,809
Loss on ordinary activities before tax	8	<u>(183,653)</u>	<u>(60,891)</u>
Tax on loss on ordinary activities	9	-	-
Loss for the year		<u>(183,653)</u>	<u>(60,891)</u>

All results derive from continuing operations

The Company has no recognised gains and losses other than those included in the loss above and, therefore, no separate statement of total recognised gains and losses has been presented.

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BALANCE SHEET AS AT 31 MARCH 2002

	NOTE	2002 £	2001 £
Fixed Assets			
Tangible assets	10	429,000	545,000
Investment in Subsidiary	11	-	-
		<u>429,000</u>	<u>545,000</u>
Current Assets			
Debtors	12	433,073	465,523
Cash in bank and in hand		8,105	7,237
		<u>441,178</u>	<u>472,760</u>
Creditors : amounts falling due within one year	13	(70,634)	(34,563)
Net current assets		<u>370,544</u>	<u>438,197</u>
Total assets less current liabilities		<u>799,544</u>	<u>983,197</u>
Net assets		<u>799,544</u>	<u>983,197</u>
Capital and Reserves			
Capital Fund	15	1,215,000	1,215,000
Profit and Loss account	15	(415,456)	(231,803)
Shareholders funds	14	<u>799,544</u>	<u>983,197</u>

The financial statements on pages 10 to 17 were approved by the Board of Directors on and were signed on its behalf by :

K Pendlebury

DIRECTOR

DATE: 20 January 2003

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

1. GUARANTEE

The Company is limited by guarantee. At 31 March 2002 there were 12 Members of the Council, each of whom on a winding up has undertaken to contribute an amount not exceeding £1.

2. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards in the United Kingdom. A summary of the accounting policies, which have been applied consistently, is set out below.

Basis of Accounting

The financial statements contain information about Oldham Economic Development Association Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under Section 248 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as the group it heads qualifies as a small group.

Cash Flow

The Company is exempt from the requirements of FRS1 to prepare a cash flow statement.

Tangible Fixed Assets

Tangible fixed assets, which comprise freehold land held for redevelopment, is held at valuation. Valuations are performed on a regular basis by external valuers and are reviewed in the intervening periods by internal officers. Freehold land is not depreciated.

Deferred Taxation

The Company adopted FRS19 'Deferred Taxation' during the year.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Deferred tax assets are regarded as recoverable and recognised in the financial statements when, on the basis of available evidence, it is more likely than not that there will be suitable taxable profits from which future reversal of the timing differences can be deducted. Deferred tax assets and liabilities are not discounted.

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Turnover

Turnover represents rental and service charge income net of value added tax.

3. ANALYSIS OF RENTAL INCOME

The analysis by property of the Company's rental income is set out below:

	2002 £	2001 £
Property:		
Southlink Offices, Phase 1	-	805
Southlink Offices, Phase 2	-	1,172
Southlink Workshops	-	(546)
	<u>0</u>	<u>1,971</u>

4. DIRECTORS EMOLUMENTS

	2002 £	2001 £
Sum paid to third parties for director's services	<u>5,000</u>	<u>5,000</u>

Sums paid to third parties for directors' services represent the total amount reimbursable to OMBC in respect of the employment costs of those Council Officers who are Directors.

5. EMPLOYEE INFORMATION

The Company has no employees; see the directors' report.

6. ADMINISTRATION EXPENSES

	2002 £	2001 £
- write down of value of land	116,000	-
- settlement of claim	41,071	-
- other	20,699	63,506
	<u>177,770</u>	<u>63,506</u>

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Administration expenses - write down value of land (note 10)

An internal valuation of the land, carried out by a qualified officer, resulted in the land being valued at £429,000 a reduction of £116,000 on the balance sheet value.

Administration expenses - settlement of claim

A decision was taken on 15th April 2002 by Oldham Council to agree an outstanding claim relating to service management charges on Southlink Office Block 1 owed by OEDA Ltd. to a supplier. This involved OEDA Ltd paying £41,071 to the supplier for the period when OEDA Ltd owned the asset.

7. INVESTMENT INCOME

	2002 £	2001 £
Income from current asset investments	93	2,044
Interest on short term monies loaned to Parent Company	1,362	765
	<u>1,455</u>	<u>2,809</u>

8. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2002 £	2001 £
Loss on ordinary activities before taxation is stated after charging expenditure relating to:		
Auditors' remuneration for:		
Audit	3,000	5,500
Other Services	2,200	6,650
Payment of contribution for Prince of Wales Business Park	9,085	-
Reimbursement to OMBC in respect of all professional and staff costs, including related overheads.	13,628	19,383
	<u>13,628</u>	<u>19,383</u>

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9. TAX ON LOSS ON ORDINARY ACTIVITIES

	2002 £	2001 £
(Loss) on ordinary activities before tax (as per page 10)	(183,653)	(60,891)
Tax on (loss) on ordinary activities at the standard rate (30%)	(55,096)	(18,267)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	2,725	2,250
Short term timing differences	437	240
Losses carried forward	51,934	15,777
Current tax charge for the period	<u>-</u>	<u>-</u>

The Company has an unrecognised deferred tax asset of £250,000 (2001: £232,000) which relates primarily to carried forward trading losses.

10. TANGIBLE FIXED ASSETS

	£
VALUATION	
At 31 March 2001	545,000
REVALUATION	<u>(116,000)</u>
	429,000
DEPRECIATION	
At 31 March 2002	-
NET BOOK VALUE AT 31 MARCH 2002	<u>429,000</u>

The last external valuation of the land was performed by Lambert Smith Hampton in March 2000 and supported a carrying value of £545,000. An internal valuation was performed in December 2002, which indicated that the value of the land had fallen to £429,000 and hence the carrying value was reduced.

The internal valuation has been prepared by John R Mitchell (MRICS) on the Open Market Value basis, which is defined in the Appraisal and Valuation Manual published by the Royal Institute of Chartered Surveyors.

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11. FIXED ASSET INVESTMENT

The Company has a 100% subsidiary, Southlink Developments Limited, a Company registered in England and Wales, which operates as a property development company. This has been fully written down in the books of the Company.

12. DEBTORS

	2002 £	2001 £
Amounts Falling Due within one year:		
Amounts owed by Subsidiary Undertaking	204	195
Amounts owed by Parent Company	430,000	460,000
Other Debtors	2,869	5,328
	<u>433,073</u>	<u>465,523</u>

The figure in 'Amounts owed by Parent Company' represents £425,000 as the balance owed on the purchase price of land and property at Southlink Business Park and £5,000 which is held as a temporary cash deposit by Oldham Council on behalf of OEDA Ltd, and is repayable on demand.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Legal claim (note 6)	41,071	-
Accruals and other creditors	29,563	34,563
	<u>70,634</u>	<u>34,563</u>

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Loss on ordinary activities after taxation	(183,653)	(60,891)
Opening shareholders' funds	983,197	1,044,088
Closing shareholders' funds	<u>799,544</u>	<u>983,197</u>

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15. MOVEMENT OF CAPITAL AND RESERVES

	CAPITAL FUND	PROFIT and LOSS
	£	£
At 1 April 2001	1,215,000	(231,803)
Loss for the year	-	(183,653)
At 31 March 2002	<u>1,215,000</u>	<u>(415,456)</u>

The initial funding of the Company came from the Oldham Metropolitan Borough Council. The Council made an investment in the Company on 28 November 1980 of £790,000 and a further Investment of £425,000 on 21 October 1988.

16. INFORMATION ON THE PARENT COMPANY

The Company is a 100% subsidiary of Oldham Metropolitan Borough Council (OMBC). The principal place of business for OMBC is the Civic Centre, West Street, Oldham, OL1 1UL.